

Village of Kirkersville
Licking County, Ohio

Regular Audit

January 1, 2008, through December 31, 2009
Fiscal Years Audited Under GAGAS: 2009 and 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Dave Yost • Auditor of State

Members of Council
Village of Kirkersville
Kirkersville, Ohio 43033

We have reviewed the *Independent Auditor's Report* of the Village of Kirkersville, Licking County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Kirkersville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 25, 2011

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LICKING COUNTY
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Independent Auditor's Report

Village Council
Village of Kirkersville
P. O. Box 211
Kirkersville, Ohio 43033

We have audited the accompanying financial statements of the Village of Kirkersville, Licking County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standard*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting its larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Kirkersville, Licking County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

October 15, 2010

**Village of Kirkersville
Licking County**

*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Funds
For the Year Ended December 31, 2009*

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 40,174	\$ -	\$ 40,174
Intergovernmental	32,403	20,638	53,041
Fines, Licenses & Permits	18,945	1,628	20,573
Earnings on Investments	4,985	471	5,456
Miscellaneous	3,847	-	3,847
	<u>100,354</u>	<u>22,737</u>	<u>123,091</u>
Total Cash Receipts	100,354	22,737	123,091
Cash Disbursements:			
Current:			
Security of Persons & Property	33,953	3,023	36,976
Public Health Service	1,517	-	1,517
Community Environment	2,812	-	2,812
Transportation	-	37,921	37,921
General Government	71,554	5,355	76,909
Capital Outlay	-	410	410
Debt Service:			
Principal Payments	9,690	-	9,690
Interest and Fiscal Charges	1,246	-	1,246
	<u>120,772</u>	<u>46,709</u>	<u>167,481</u>
Total Cash Disbursements	120,772	46,709	167,481
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(20,418)</u>	<u>(23,972)</u>	<u>(44,390)</u>
Other Financing Receipts and (Disbursements):			
Other Financing Disbursements	(898)	-	(898)
	<u>(898)</u>	<u>-</u>	<u>(898)</u>
Total Other Financing Receipts/(Disbursements)	<u>(898)</u>	<u>-</u>	<u>(898)</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(21,316)	(23,972)	(45,288)
Fund Cash Balances, January 1	65,912	77,108	143,020
Fund Cash Balances, December 31	<u>\$ 44,596</u>	<u>\$ 53,136</u>	<u>\$ 97,732</u>
Reserve for Encumbrances, December 31	<u>\$ 1,760</u>	<u>\$ 3</u>	<u>\$ 1,763</u>

The notes to the financial statements are an integral part of this statement.

**Village of Kirkersville
Licking County**

*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Proprietary and Similar Fiduciary Funds
For the Year Ended December 31, 2009*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 106,468	\$ -	\$ 106,468
Total Operating Cash Receipts	106,468	-	106,468
Operating Cash Disbursements:			
Personal Services	8,339	-	8,339
Employee Fringe Benefits	511	-	511
Contractual Services	69,616	-	69,616
Supplies and Materials	12,389	-	12,389
Total Operating Cash Disbursements	90,855	-	90,855
Operating Income	15,613	-	15,613
Non-Operating Receipts (Disbursements):			
Special Assessments	12,950	-	12,950
Other Nonoperating Receipts	-	21,386	21,386
Other Nonoperating Disbursements	-	(20,765)	(20,765)
Principal Payments	(33,510)	-	(33,510)
Interest and Fiscal Charges	(20,692)	-	(20,692)
Total Non-Operating Receipts/(Disbursements)	(41,252)	621	(40,631)
Net Receipts Over/(Under) Disbursements	(25,639)	621	(25,018)
Fund Cash Balances, January 1	131,605	665	132,270
Fund Cash Balances, December 31	<u>\$ 105,966</u>	<u>\$ 1,286</u>	<u>\$ 107,252</u>
Reserve for Encumbrances, December 31	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ 192</u>

The notes to the financial statements are an integral part of this statement.

**Village of Kirkersville
Licking County**

*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Funds
For the Year Ended December 31, 2008*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 17,442	\$ -	\$ 17,442
Intergovernmental	39,575	23,486	63,061
Fines, Licenses & Permits	30,941	2,608	33,549
Earnings on Investments	7,043	243	7,286
Miscellaneous	3,761	-	3,761
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	98,762	26,337	125,099
Cash Disbursements:			
Current:			
Security of Persons & Property	37,366	-	37,366
Public Health Service	2,134	-	2,134
Community Environment	5,212	-	5,212
Transportation	-	12,452	12,452
General Government	108,850	2,198	111,048
Capital Outlay	-	10,000	10,000
Debt Service:			
Principal Payments	9,135	-	9,135
Interest and Fiscal Charges	1,801	-	1,801
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	164,498	24,650	189,148
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (65,736) <hr/>	<hr/> 1,687 <hr/>	<hr/> (64,049) <hr/>
Other Financing Receipts and (Disbursements):			
Other Financing Disbursements	<hr/> (4,390) <hr/>	<hr/> - <hr/>	<hr/> (4,390) <hr/>
Total Other Financing Receipts/(Disbursements)	<hr/> (4,390) <hr/>	<hr/> - <hr/>	<hr/> (4,390) <hr/>
Total cash receipts over/(under) cash disbursements	(70,126)	1,687	(68,439)
Fund Cash Balances, January 1	<hr/> 136,038 <hr/>	<hr/> 75,421 <hr/>	<hr/> 211,459 <hr/>
Fund Cash Balances, December 31	<u>\$ 65,912</u>	<u>\$ 77,108</u>	<u>\$ 143,020</u>
Reserve for Encumbrances, December 31	<u>\$ 1,367</u>	<u>\$ 397</u>	<u>\$ 1,764</u>

The notes to the financial statements are an integral part of this statement.

**Village of Kirkersville
Licking County**

*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Proprietary and Similar Fiduciary Funds
For the Year Ended December 31, 2008*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 121,425	\$ -	\$ 121,425
Total Operating Cash Receipts	121,425	-	121,425
Operating Cash Disbursements:			
Personal Services	3,900	-	3,900
Employee Fringe Benefits	139	-	139
Contractual Services	78,391	-	78,391
Supplies and Materials	7,708	-	7,708
Total Operating Cash Disbursements	90,138	-	90,138
Operating Loss	31,287	-	31,287
Non-Operating Receipts (Disbursements):			
Special Assessments	22,214	-	22,214
Other Nonoperating Receipts	-	36,643	36,643
Other Nonoperating Disbursements	-	(36,011)	(36,011)
Principal Payments	(29,999)	-	(29,999)
Interest and Fiscal Charges	(24,183)	-	(24,183)
Total Non-Operating Receipts/(Disbursements)	(31,968)	632	(31,336)
Net Receipts Over/(Under) Disbursements	(681)	632	(49)
Fund Cash Balances, January 1	132,286	33	132,319
Fund Cash Balances, December 31	<u>\$ 131,605</u>	<u>\$ 665</u>	<u>\$ 132,270</u>
Reserve for Encumbrances, December 31	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ 1,643</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Kirkersville, Licking County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including sewer utilities, street construction, maintenance and repair, police services, and a Mayor's Court.

The Village management believes these financial statements represent all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$5,456 and \$7,286 for the years ended December 31, 2009 and 2008, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This Fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Proprietary Funds:

Enterprise Fund

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing sewer services to residents.

4. Fiduciary Fund:

Agency Fund

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following agency fund:

Mayor's Court Fund – This fund receives money from citations issued by the Village's Police Department. Money collected is distributed in accordance with the Ohio Revised Code to the Village and to the State of Ohio.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried forward and need not be re-appropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

2. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 204,984	\$ 244,462
Investments in STAR Ohio	<u>-</u>	<u>30,828</u>
Total Deposits and Investments	<u>\$ 204,984</u>	<u>\$ 275,290</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchase of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements respectively.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and December 31, 2008, was as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 187,907	\$ 100,354	\$ (87,553)
Special Revenue	101,397	22,737	(78,660)
Enterprise	275,962	119,418	(156,544)
Total	<u>\$ 565,266</u>	<u>\$ 242,509</u>	<u>\$ (322,757)</u>

Although actual receipts were less than budgetary estimates, actual resources were not below the level of appropriations.

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 63,467	123,430	\$ (59,963)
Special Revenue	50,927	46,712	4,215
Enterprise	182,768	145,249	37,519
Total	<u>\$ 297,162</u>	<u>\$ 315,391</u>	<u>\$ (18,229)</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 107,700	\$ 98,762	\$ (8,938)
Special Revenue	28,750	26,337	(2,413)
Enterprise	172,000	143,639	(28,361)
Total	<u>\$ 308,450</u>	<u>\$ 268,738</u>	<u>\$ (39,712)</u>

Although actual receipts were less than budgetary estimates, actual resources of Special Revenue and Enterprise funds were not below the level of appropriations.

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 234,747	\$ 170,255	\$ 64,492
Special Revenue	44,898	25,047	19,851
Enterprise	185,625	145,963	39,662
Total	<u>\$ 465,270</u>	<u>\$ 341,265</u>	<u>\$ 124,005</u>

VILLAGE OF KIRKERSVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Year Issued	Interest Rate	12/31/09 Balance
General Obligation Note	2001	6.10%	\$10,405
Ohio Water Development Authority	1993	6.75%	66,687
Ohio Water Development Authority	1993	6.02%	95,039
Ohio Water Development Authority	1991	7.54%	110,654
United States Department of Agriculture	1992	5.75%	32,451
Total			\$315,236

Descriptions:

2001 General Obligation Note for purchase of town hall due in annual installments through 2010.

1993 Ohio Water Development Authority (OWDA) loan for construction of certain wastewater improvements, due in semi-annual installments of varying amounts through 2019.

1993 Ohio Water Development Authority (OWDA) Sewer Plant Expansion loan due in semiannual installments through 2019.

1991 Ohio Water Development Authority (OWDA) loan for construction of certain wastewater treatment improvements, due in semiannual installments through 2019.

1992 United States Department of Agriculture (USDA) Sewer Plant Expansion Loan, due in semiannual installments through 2012.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

5. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

Year Ending December 31,	OWDA Loans		USDA Note		General Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 24,108	\$ 18,566	\$ 15,900	\$ 1,756	\$ 10,405	\$ 628
2011	25,752	16,922	16,551	1,653		
2012	27,509	15,165	-	-		
2013	29,388	13,286	-	-		
2014	31,395	11,279	-	-		
2015 - 2019	134,228	22,120	-	-		
2020 - 2024	-	-				
2025	-	-				
Total	\$ 272,380	\$ 97,338	\$ 32,451	\$ 3,409	\$ 10,405	\$ 628

6. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

7. CONTINGENT LIABILITIES

LITIGATION

The Village is currently not involved in litigation.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 700 Ohio governments (“Members”).

Pursuant to section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 17.5% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 17.5% or \$43,750 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Assets	\$11,176,186	\$10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(5,286,781)</u>
Members’ Equity	<u>\$6,323,701</u>	<u>\$5,184,333</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

9. COMPLIANCE

- The Village had expenditures that exceeded appropriations in the General Fund for the year ended December 31, 2009, contrary to Ohio Revised Code Section 5705.41(B).
- The Village did not properly encumber all commitments as required by the Ohio Revised Code Section 5705.41(D)
- The Village did not obtain a reduced amended certificate of estimated resources from the County Auditor in 2009 for the General Fund, when it was known that actual resources would fall below the current level of appropriations, as required by the Ohio Revised Code Section 5705.36



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards***

Village Council
Village of Kirkersville
P. O. Box 211
Licking, Ohio 43033

We have audited the financial statements of the Village of Kirkersville, Licking County (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 15, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We did note certain matters of internal control over financial reporting, not requiring inclusion in this report, that we reported to the Village's management in a separate letter dated October 15, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-001 through 2009-003.

We also noted certain issues of noncompliance, not requiring inclusion in this report, that we reported to the Village's management in a separate letter dated October 15, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the Village's management and the Village Council. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
October 15, 2010

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2009 AND 2008**

FINDING NUMBER 2009-001

Material Non-Compliance

Ohio Revised Code Section 5705.41(B) states in part that no subdivision or taxing unit is to expend money unless it has been appropriated.

The General Fund had expenditures that exceeded appropriations during 2009.

The Village should implement internal controls that would ensure that no money is expended unless it has been properly appropriated.

Client Response:

The Village has hired an experienced fiscal officer and will review their controls over the expenditure of monies in an effort to ensure that expenditures do not exceed appropriations.

FINDING NUMBER 2009-002

Material Non-Compliance

Ohio Revised Code Section 5705.36(A) (4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

Upon comparison of appropriations to available resources (defined as unencumbered beginning balances plus estimated receipts), the auditor noted 2008 appropriations were in excess of available resources in the General Fund.

The Village should implement internal controls that would ensure compliance with 5705.36 (A) (4). Establishment of procedures for monitoring the compliance with this requirement helps to ensure that monies are not expended in excess of allowable limits.

Client Response:

The Village has hired an experienced fiscal officer and will implement procedures to monitor actual resources and secure reduced amended certificates and corresponding reductions in appropriations when required.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2009 AND 2008**

FINDING NUMBER 2009-003

Material Non-Compliance

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This section also provides two exceptions to the above requirement:

- Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order (then) and at the time of the certificate (now), appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- If the amount involved is less than three thousand dollars, the fiscal officer may authorize it to be paid without affirmation of the Village Council upon completion of a then and now certificate.

For both 2009 and 2008, most of the transactions tested were not certified prior to the purchase commitment. There was no indication that “then and now” certificates were used.

The Village should issue a valid purchase order with the signature of the fiscal officer prior to making any purchase commitment. In those events when commitments are made prior to obtaining the fiscal officer’s certificate, the Village should employ the allowable provision of law under this section. Ohio Revised Code Section 5705.41(D), and secure a “then and now” certificate.

Client Response:

The Village has hired an experienced fiscal officer and will implement controls over the expenditure process in an effort to ensure that the fiscal officer’s certificate of available funds is obtained before making a purchase commitment.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY
DECEMBER 31, 2009 AND 2008**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007 -001	Significant Deficiency- The Village had reclassifications and adjustments that were identified during the course of audit. These were not prevented or detected by internal controls.	Yes	Corrected.

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Dave Yost • Auditor of State

VILLAGE OF KIRKERSVILLE

LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 8, 2011